

## Message Text

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TO AMEMBASSY LONDON

UNCLAS STATE 266088

FOR DEPUTY ASST SECRETARY JULIUS L KATZ

FOLLOWING REPEAT TOKYO 16024 ACTION SECSTATE INFO MOSCOW 10 NOV

QUOTE

UNCLAS TOKYO 16024

E.O. 11652: N/A

TAGS: EEWT, SU, JA, ENRG

SUBJECT: US-SOVIET GRAIN AND PETROLEUM AGREEMENTS

1. MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) HAS  
ASKED FOLLOWING QUESTIONS ABOUT US-SOVIET GRAIN AND PETRO-  
LEUM AGREEMENTS, WE HAVE RESPONDED PARTIALLY AND INFORMALLY  
BASED ON GUIDANCE SO FAR RECEIVED; WOULD APPRECIATE ANY FURTHER  
INFO AVAILABLE.

2. WHY DOES THE AGREEMENT COVER ONLY WHEAT AND CORN?

4. WHAT IS THE CONCRETE MEANING OF ARTICLE 1 IN WHICH IT  
SAYS THAT USA SHALL EMPLOY ITS GOOD OFFICES TO  
FACILITATE AND ENCOURAGE SUCH SALES BY PRIVATE COMMERCIAL SOURCES?

5. DO NORMAL COMMERCIAL TERMS EXCLUDE SUPPLIER'S CREDIT?  
WHAT IS MEANT BY NORMAL COMMERCIAL TERMS?

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6. DOES THE PHRASE "PRIVATE COMMERCIAL SOURCES" INCLUDE JAPAN, OR IS IT LIMITED TO US FIRMS?

7. WHAT DOES THE PHRASE "EXCEPT AS OTHERWISE AGREED BY THE PARTIES" OF ARTICLE 2 MEAN?

8. THE LETTER OF UNDERSTANDING ON PETROLEUM STATES THAT THE USSR "WILL OFFER OIL" AND THE US "MAY" PURCHASE THE OIL. DOES THIS MEAN THAT THE USSR HAS AN OBLIGATION TO OFFER OIL WHILE THE US HAS ONLY THE OPTION TO PURCHASE IT?

9. HOW WAS THE 70-30 PERCENT SPLIT BETWEEN CRUDE OIL AND PETROLEUM PRODUCTS ARRIVED AT?

10. CAN TANKERS THAT CARRY OIL CARRY BOTH WHEAT AND CORN?

11. JAPAN PARAGRAPH FIVE DOES THE US HAVE ANY PARTICULAR COUNTRIES IN MIND, INCLUDING JAPAN.

12. IS IT TRUE THAT THE US PROPOSED A 15 PERCENT DISCOUNT ON PRICES AND THAT THIS WAS REJECTED?

13. WHAT COOPERATIVE EFFORTS IN THE FIELD OF ENERGY ARE ALREADY UNDERWAY BETWEEN THE UNITED STATES AND JAPAN? HAVE SPECIFIC GEOGRAPHICAL SITES BEEN DECIDED? DO THEY INCLUDE SIBERIA?

14. WILL THIS AGREEMENT HAVE ANY INFLUENCE ON PROPOSED TRILATERAL EFFORTS AMONG JAPAN, THE SOVIET UNION AND THE US?

15. WHEN DOES THE US EXPECT TO CONCLUDE A PETROLEUM AGREEMENT WITH THE SOVIET UNION?

16. WHY WERE THE PETROLEUM AND GRAIN AGREEMENTS SEPARATED? WAS THE NEWSWEEK ACCOUNT CORRECT IN REPORTING THAT THE US ABANDONED A UNIFIED APPROACH?

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17. THE US HAS BEEN GENERALLY OPPOSED TO DIRECT DEALS OR GOVERNMENT TO GOVERNMENT DEALS ON PETROLEUM AS INJURIOUS TO CONSUMER SOLIDARITY. DOES THE SOVIET PETROLEUM AGREEMENT REPRESENT A CHANGE IN THIS POLICY? HODGSON UNQUOTE KISSINGER

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